NISSAN
MOTOR COMPANY

Business Report 2005

Business Report

Year Ended March 31, 2006

NISSAN MOTOR CO., LTD.

Contents

Cover: Presage

Letter from Management

Fiscal year 2005 was a year of transition for Nissan. As we successfully completed our revival by fully delivering on the three commitments of Nissan 180, the next phase of sustainable and profitable growth through Nissan Value-Up was already well under way.

It was also a year of headwinds and turbulence as the costs of energy, raw materials, regulations and interest rates increased significantly. Because of the fiercely competitive environment, we had to absorb most of these additional costs. This has negatively impacted the increase in our profitability and slowed our growth in a low year of our product cycle – the year when we have the lowest number of new product launches during Nissan Value-Up.

Despite this, Nissan has lived up to those challenges. For fiscal year 2005, global sales reached a record level of 3,569,000 units, an increase of 5.3% over 2004. Consolidated operating profit improved by 1.2% to a record 871.8 billion yen, resulting in an operating profit margin of 9.2%, which continued to lead the global automakers. Consolidated net revenues totaled 9.43 trillion yen and net income after tax came to 518.1 billion yen.

During Nissan Value-Up, we are pursuing four major breakthroughs. Following a successful market entry last year in Korea, Infiniti will be launched in Russia this year and China in 2007. In 2008, Infiniti will be launched across Europe through a brand-new network of dedicated dealers. The Light Commercial Vehicle business is ahead of schedule to meet its Nissan Value-Up commitment and solidify its role as a pillar of our global business. Developing new supply sources in Leading Competitive Countries is well underway to reinforce overall cost competitiveness in parts and services. And geographic expansion is proceeding as planned. For example, we recently announced our decision to establish a new manufacturing plant in St. Petersburg, Russia.

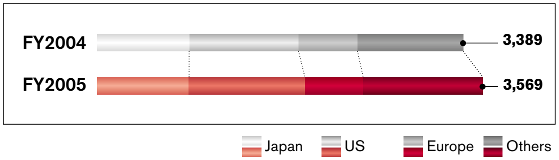
It is evidence of our fighting spirit that Nissan could achieve better results in a very challenging year. We are confident in our ability to compete, having overcome significant obstacles over the past seven years. But we know we cannot be complacent. We can take nothing for granted as we work to meet our Nissan Value-Up commitments. Once again, we will have to stretch to succeed. And that, you can be sure, we will do.

Carlos Ghosn
President and CEO

Facts and Figures

Global retail sales volume

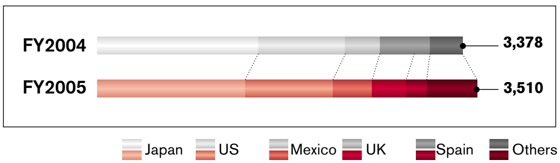
(Thousand units)



	FY2005	FY2004
Global retail (Note 1, 2)		(Thousand units)
Japan	842	848
US	1,075	1,013
Europe	541	544
Others	1,111	984
Total	3,569	3,389

Global vehicle production volume

(Thousand units)

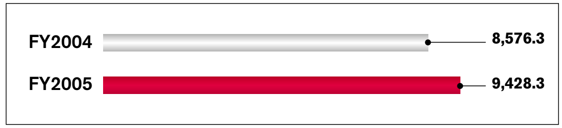


	FY2005	FY2004
Global production (Note 2)		(Thousand units)
Japan	1,365	1,482
US	809	804
Mexico	362	325
UK	315	320
Spain	194	143
Others (Note3)	465	304
Total	3,510	3,378

Notes: 1. Global retail sales includes sales of vehicles locally assembled with knock down parts.
2. Europe, Mexico and part of others are results of January-December.
3. Others include production in Taiwan, Thailand, Philippines, South Africa, Indonesia and China.

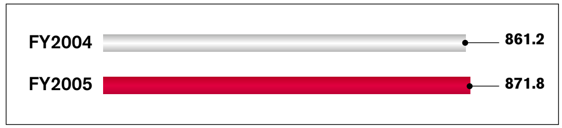
Consolidated net sales

(Billions of yen)



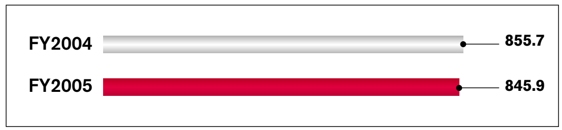
Consolidated operating profit

(Billions of yen)



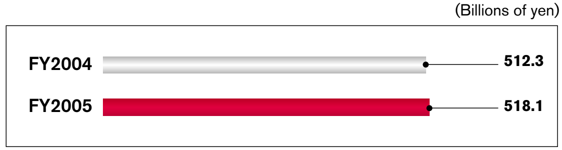
Consolidated ordinary profit

(Billions of yen)



Consolidated net income

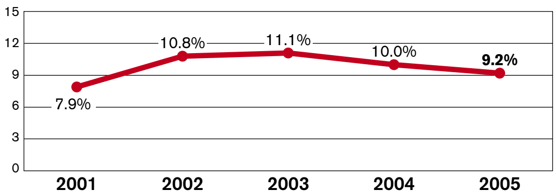
(Billions of yen)



Fiscal Year 2005 Business Review

Fiscal year 2005 was a year of transition for Nissan with challenges, including a fiercely competitive environment. However, Nissan showed its fighting spirit and lived up to those challenges. Nissan implemented its Nissan Value-Up business plan and reported another record year of results, as well as an operating profit margin that continues to lead the industry.

Consolidated Operating Margin
Fiscal Year 2001-2005



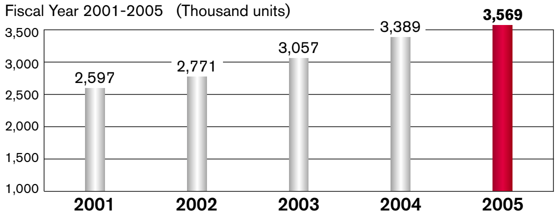
Business performance during fiscal year 2005

Global sales reached a record level of 3,569,000 units. This represented an increase of 5.3%, or 180,000 units over fiscal year 2004.

In fiscal year 2005, the company released six new models in various markets around the world.

Along with record sales, Nissan's manufacturing plants produced 3,510,000 units, which were 132,000 units more than the prior year.

Global Sales Volume
Fiscal Year 2001-2005 (Thousand units)



Japan

In Japan, sales came to 842,000 units, a decrease of 0.7% from last year. Mini-car sales for the company increased 39.6%, due to the new Moco and Otti. Nissan's market share decreased 0.2 points to 14.4%.


Moco

United States

Despite the lack of new models, sales in the United States increased 6.1% to 1,075,000 units for another year of record sales. Nissan's U.S. market share came to a record level 6.3% from 6% in the previous year. The Nissan Division grew by 6.8%. The Altima and Sentra sold well, despite being at the end of their lifecycles. Murano and Titan continued to attract new customers to the Nissan brand. The luxury Infiniti Division sold 134,000 units, an increase of 1.3% from the previous record year. This was primarily due to the success of the new M sedan, which sold 28,000 units.


Altima


Infiniti G35

Europe

In Europe, sales were flat at 541,000 units. As opposed to pushing volume, the company continued to maximize profitability by focusing on high-margin segments with products such as the Murano and Navara pick-up.


Navara pick-up

General Overseas Markets

In the General Overseas Markets, including Mexico and Canada, sales increased 13.0% to 1,111,000 units. In China, unit sales increased 53.4% to 297,000 units. This was primarily due to the successful launch of the Tiida, which was also named the "Car of the Year 2006."

Tiida

Financial results

Consolidated net revenues came to 9.43 trillion yen, which represented an increase of 9.9% from the prior year. The increase was due primarily to favorable movements in foreign exchange rates and changes in the scope of consolidation. Consolidated operating profits improved by 1.2% to a record 871.8 billion yen. As a percentage of net revenue, the operating profit margin was 9.2%, which remains at the top level among global automakers.

By region, Operating profits in Japan were 390.4 billion yen, compared to 341.1 billion yen in the prior year. Profitability in the U.S. and Canada reached 345.4 billion yen compared to 379.7 billion yen in fiscal year 2004. Europe's operating profit increased to 67.2 billion yen from 56.0 billion yen in the prior year. In General Overseas Markets, operating profits increased to 101.2 billion yen from 84.8 billion yen last year.

Net income totaled 518.1 billion yen, an increase of 5.8 billion yen from last year.

Nissan Value-Up

Fiscal year 2005 marked the start of the Nissan Value-Up business plan. In the plan, Nissan made three commitments:

1. Top level operating profit margin among global automakers in FY05 to FY07.
2. 4.2 million sales in FY08.
3. 20% average return on invested capital over the plan.

Under Nissan Value-Up, the company is also pursuing four major breakthroughs:

1. Build Infiniti into a globally recognized luxury brand.
2. Build a new and significant global presence in Light Commercial Vehicles.
3. Develop new supply sources in Leading Competitive Countries ("LCC") for parts, machinery & equipment, vendor tooling and services.
4. Expand geographic presence in markets such as China, India, Thailand, Russia, Eastern Europe, the Gulf Countries and Egypt.

Infiniti is moving in the right direction. Following a successful market entry last year in Korea, Infiniti will be launched in Russia this year and China in 2007. In 2008, Infiniti will be launched across Europe through a brand-new network of dedicated dealers.

The Light Commercial Vehicle business is ahead of schedule to meet its Nissan Value-Up commitment. The LCC initiative is under way and geographic expansion is proceeding as planned. New production facilities and distribution channels are also taking shape in several countries. Nissan recently announced its decision to establish a new manufacturing plant in Russia.

Conclusion

As Nissan heads into the second year of the Nissan Value-Up business plan, the company faces a challenging environment. In order to overcome these risks, as well as create significant value for all of its stakeholders, Nissan Value-Up needs to be delivered quickly and effectively.

1. Eigyo-Houkokusho

1. Review of the Fiscal Year 2005

(1) Operations and results

In fiscal year 2005 ended March 31, 2006, total demand for automobiles in the Japan market (including mini cars) increased by 0.7% from the previous year, to 5,860,000 units.

Total automotive exports from Japan (including mini cars) increased by 5.6% from the previous year, to 5,250,000 units.

Nissan's domestic sales volume (including mini cars) decreased by 0.7% from the previous year, to 842,000 units. Market share (including mini cars) came to 14.4%, down 0.2 point compared to fiscal year 2004. The number of Nissan's export vehicles decreased by 6.7%, to 674,000 units.

Nissan's global sales volume increased by 5.3%, to 3,569,000 units.

Nissan's global production volume was 3,510,000 units, increased by 3.9%, from the previous year. Nissan's domestic production volume was 1,365,000 units, an decrease of 7.9% while overseas production volume increased by 13.1%, to 2,145,000 units.

Nissan's non-consolidated sales of the automobile division was 3,847.1 billion yen, an increase of 4.7% from the previous year. Revenues for overseas production parts and components, accessories and repair parts, and a low yen rate absorbed the negative impact from the decrease in unit sales volume.

Nissan's non-consolidated total sales including Industrial Machinery came to 3,895.5 billion yen, an increase of 4.8 % from the previous year.

Nissan recorded operating profit of 254.1 billion yen and ordinary profit of 337.1 billion yen, which increased from last year due to a low yen rate, cost reduction and an increase in dividends received. This absorbed the negative impact from the decrease in unit sales volume.

Income before taxes come to 279.6 billion yen, increased from the previous year, and we recognized the tax expense of 39.0 billion yen. Net income after taxes amounted to 240.5 billion yen.

We propose to increase a year-end dividend by 3 yen per share from the previous year to 15 yen. As a result, the total amount of dividends for this 107th fiscal year, including the interim dividend, will reach 29 yen per share, which represents an increase of 5 yen compared with the previous year.

(2) Sales by Division

	Amount (¥ billions)	Percentage of sales (%)	Year-on-Year percentage (%)
Automobile Division			
Vehicles	2,719.5	69.8	99.7
Overseas production parts and components	592.5	15.2	123.0
Accessories and repair parts	299.0	7.7	106.8
Others	236.0	6.1	128.0
Automobile Division: total	3,847.1	98.8	104.7
Other Divisions			
(Industrial Machinery)			
Other Divisions: total	48.4	1.2	111.0
Grand total	3,895.5	100.0	104.8

Notes: 1. The above figures have been rounded down to the nearest 100 million yen.
2. The category 'Others' in Automobile Division consists of royalties received, and sales of equipment and tools for production.

(3) Capital Investment

Capital investment on a non-consolidated basis in fiscal year 2005 ended March 31, 2006, totaled 136.3 billion yen, concentrated on development of new products, safety and environmental technology and on efficiency improvement of the production system.

(4) Business Funding

Nissan issued unsecured bonds for the amount of 228.0 billion yen. The proceeds were contributed to the pension fund to improve financial condition of Nissan pension scheme.

(5) Financial Performance Highlights

(Billions of yen , except per share amounts)

	FY2002	FY2003	FY2004	FY2005
Net sales	3,419.0	3,480.2	3,718.7	3,895.5
Net income	72.8	80.7	102.4	240.5
Net income per share [Yen]	16.09	18.15	23.24	54.88
Total assets	3,933.9	4,055.5	3,981.9	3,845.0
Shareholders' equity	1,798.7	1,709.7	1,685.8	1,827.0
Shareholders' equity per share [Yen]	402.65	388.60	384.86	415.28

* FY2005 covers the period from April 1, 2005 to March 31, 2006.

Notes:
1. Figures have been rounded down to the nearest 100 million yen.
2. For FY2003, the main factor leading to the decrease in shareholders' equity per share was due to the acquisition of treasury stock.
3. For FY2004, the main factor for increase in net income despite of decrease in income before income taxes was the decrease in tax expense.
4. For FY 2005, the main factors for fluctuations were explained in section (1).

2. Issues and Outlook for the Fiscal Year Ahead

In the Nissan Value-Up business plan, Nissan made three key commitments:

1. Top level operating profit margin among global automakers in FY05 to FY07.
2. 4.2 million sales in FY08.
3. 20% average return on invested capital over the plan.

Fiscal 2006 will be a year of two distinct halves. Growth will be difficult in the first half. Unit volume will be down and operating profit will be lower.

However, in the second half, sales volume will increase by more than 10% and operating profit is expected to accelerate, as the Company launches nine all-new vehicles around the world.

In Japan, the auto industry is expected to remain flat. The Company forecasts flat sales for the year. In addition to the autumn introduction of the all-new Skyline, the Company will launch three new products in Japan, including a new mini vehicle and an LCV.

In the U.S., sales are expected to increase slightly in a flat market. However, in the second half, all-new versions of the Altima, Sentra and Infiniti G35 sedan will be launched, which spearhead a product blitz that continue beyond Nissan Value-Up.

In Europe, sales level is expected to be maintained in a flat market. The company will launch a new LCV and a new compact crossover.

For the General Overseas Markets, including Mexico and Canada, growth is anticipated. In addition, a new MPV will be launched.

Throughout this fiscal year, the Company faces a challenging environment in meeting the Nissan Value-Up commitments. In order to overcome these challenges, Nissan Value-Up needs to be delivered quickly and effectively.

On a global basis, Nissan will continue to deliver performance that produces sustainable, profitable growth and significant value for all its stakeholders.

The support and continuing involvement of shareholders is welcome and appreciated.

3. Corporate Data

(as of fiscal year-end, March 31, 2006)

(1) Principal Business Operations

The Company's business divisions and principal products are as follows:

Division	Principal products
Automobile Division	
Passenger cars	President, Cima, Fuga, Teana, Skyline, Bluebird Sylphy, Tiida Latio, Stagea, Wingroad, Elgrand, Presage, Serena, Lafesta, Fairlady Z, Safari, Murano, X-trail, Tiida, Note, Cube, March, Moco, Otti, Crew
Commercial vehicles	Expert, AD Van, Caravan, Vanette, Clipper, Atlas, Civilian
Overseas production parts and components	Various production parts and components for overseas plants
Accessories and repair parts	Various service parts for domestic and overseas use
Industrial Machinery	Gasoline, diesel and battery-powered forklifts

(2) Principal Offices, Facilities and Factories in Japan

Registered Head Office: 2, Takara-cho, Kanagawa-ku, Yokohama, Kanagawa Prefecture

Office / Facility / Factory	Location
Corporate Headquarters	Tokyo
Yokohama Plant	Kanagawa Prefecture
Oppama plant, Wharf and Central Engineering Laboratories	Kanagawa Prefecture
Tochigi Plant	Tochigi Prefecture
Kyushu Plant and Kanda Wharf	Fukuoka Prefecture
Iwaki Plant	Fukushima Prefecture
Zama Operations Office	Kanagawa Prefecture
Nissan Technical Center	Kanagawa Prefecture
Hokkaido Proving Grounds	Hokkaido
Sagamihara Parts Center	Kanagawa Prefecture
Honmoku Wharf	Kanagawa Prefecture
Nissan Education Center	Kanagawa Prefecture

(3) Share Data

1) Number of authorized shares ················6,000,000,000
2) Number of shares issued ·······················4,520,715,112
3) Number of shareholders ····································221,488
(an increase of 28,057 compared with the previous fiscal year-end).
4) The outlines of Shin-Kabu-Yoyaku-Ken
- Number of units of Shin-Kabu-Yoyaku-Ken ·······················318,835 units
- Type and number of shares to be issued upon exercise of Shin-Kabu-Yoyaku-Ken ······················31,883,500 shares of common stock of the Company
- Issue price of each Shin-Kabu-Yoyaku-Ken ·······················Free

5) Principal Shareholders

	Number of shares (thousands)	% of issued shares
1. Renault	2,004,000	44.3
2. Japan Trustee Services Bank Ltd. (Trust account)	169,726	3.8
3. The Master Trust Bank of Japan, Ltd. (Trust account)	144,296	3.2
4. Nippon Life Insurance Company	93,000	2.1
5. The Dai-ichi Mutual Life Insurance Company	89,000	2.0
6. Moxley & Co.	85,128	1.9
7. Tokio Marine Nichido Fire Insurance Company	70,076	1.6
8. Sompo Japan Insurance Inc.	63,528	1.4
9. The State Street Bank and Trust Company 505103	49,799	1.1
10. The State Street Bank and Trust Company	40,858	0.9

Nissan's investments in its Principal Shareholders

	Number of shares (thousands)	% of issued shares
1. Renault	—	—
2. Japan Trustee Services Bank Ltd. (Trust account)	—	—
3. The Master Trust Bank of Japan, Ltd. (Trust account)	—	—
4. Nippon Life Insurance Company	—	—
5. The Dai-ichi Mutual Life Insurance Company	—	—
6. Moxley & Co.	—	—
7. Tokio Marine Nichido Fire Insurance Company	—	—
8. Sompo Japan Insurance Inc.	—	—
9. The State Street Bank and Trust Company 505103	—	—
10. The State Street Bank and Trust Company	—	—

Notes: 1. The number of shares has been rounded down to the nearest thousand.
2. Nissan Motor Co., Ltd. acquired 42,740 thousand shares of Renault through Nissan's wholly owned subsidiary, Nissan Finance Co., Ltd.
3. Nissan Motor Co., Ltd. has held the treasury stock of 122,100 thousand shares.

(4) Acquisition, Disposal etc, and Holding of Treasury Stock

1) Treasury stock acquired

Shares of common stock ···········20,724,908 shares

Total acquisition cost of treasury stock

·····························22,207 million yen

2) Treasury stock disposed

Shares of common stock ···········39,859,899 shares

Total carrying value of treasury stock disposed

·····························43,532 million yen

3) Treasury stock as of March 31, 2006

Shares of common stock·········122,100,582 shares

4) Nissan acquired the treasury stock by resolution of the Board of Directors based on the provision of Articles of Incorporation after the 106th Ordinary General Meeting of Shareholders.

Shares of common stock··············3,160,000 shares

Total acquisition cost of treasury stock

································3,456 million yen

Reason ···············To manage the Company's operations more flexibly in response to change of business environment

(5) Employee Information

Number of employees	Change from the previous year	Average age	Average years of service
32,180 (845)*1	(3)*2	41.2	19.9

Notes: 1. Number of employees represents employees head count.
( )*1 indicates a part-time worker (not included in number of employees).
2. ( )*2 indicates an increase.

(6) Principal Group Companies

1) List of name, capital, ratio of voting rights held, main business

Company name main business	Capital (¥ millions)	% ratio of voting rights held
Calsonic Kansei Corporation Manufacture/sale of auto parts	41,165	41.8
JATCO Ltd. Manufacture/sale of auto parts	29,935	81.8
Nissan Financial Services Co., Ltd. Leasing and financing of vehicles	16,387	100.0
Aichi Machine Industry Co., Ltd. Manufacture/sale of auto parts	8,518	41.7
Nissan Shatai Co., Ltd. Manufacture/sale of vehicles and auto parts	7,904	43.3
Nissan Finance Co., Ltd. Financial and accounting service for group companies	2,491	100.0
Nissan Kohki Co., Ltd. Manufacture/sale of auto parts	2,020	97.7
Aichi Nissan Motor Co., Ltd. Sale of vehicles and auto parts	100	100.0
Tokyo Nissan Motor Sales Co., Ltd. Sale of vehicles and auto parts	100	100.0
Nissan Prince Tokyo Motor Sales Co., Ltd. Sale of vehicles and auto parts	100	100.0
Nissan North America, Inc. Headquarters for North American operations Manufacture/sale of vehicles and auto parts	US$ 1,791	100.0
Nissan Motor Acceptance Corporation Retail and wholesale vehicle financing in the U.S.	US$ 499	(100.0)
Nissan Forklift Corporation, North America Manufacture/sale of industrial machinery, industrial engines and parts	US$ 34	(100.0)
Nissan Technical Center North America, Inc. Vehicle R&D, evaluation, certification	US$ 16	(100.0)
Nissan Canada, Inc. Sales of vehicles and auto parts	C$ 68	(100.0)
Nissan Mexicana, S.A. de C.V. Manufacture/sale of vehicles and auto parts	Peso 17,056	(100.0)
Nissan Motor Manufacturing (UK) Ltd. Manufacture/sale of vehicles and auto parts	£250	(100.0)
Nissan Motor (GB) Ltd. Sales of vehicles and auto parts	£136	(100.0)
Nissan Technical Centre Europe Limited Vehicle R&D, evaluation, certification	£15	(100.0)
Nissan Europe S.A.S. Headquarters for European sales and manufacturing operations	Euro 1,626	100.0
Nissan Motor Ibérica, S.A. Manufacture/sale of vehicles and auto parts	Euro 725	(99.7)
Nissan Motor Co. (Australia) Pty. Ltd. Sale of vehicles and auto parts	A$ 290	100.0

Notes: 1. The figures for capital are rounded down to the nearest unit.
2. ( ) indicates that the figure includes indirect ownership.

2) Operating results

As of March 31, 2006, Nissan Motor has 187 consolidated subsidiaries (200 in the previous fiscal year) and 47 subsidiaries and affiliates (54 in the previous fiscal year) accounted for by the equity method. Consolidated net sales for the current fiscal year amounted to 9,428.2 billion yen, an increase of 852.0 billion yen compared to the previous fiscal year. Consolidated net income for the current fiscal year amounted to 518.0 billion yen, an increase of 5.7 billion yen compared to the previous fiscal year.

3) Principal developments within the Nissan group

Calsonic Kansei Corporation issued addtional shares of common stock in response to the exercise of stock subscription rights. As a consequence the capital of Calsonic Kansei Corporation was increased, and the ratio of voting rights held by Nissan Motor Co., Ltd. was decreased.

4) Principal tie-up relationship

Corporate name of partner	Scope of tie-up	Contract date
Renault	Broad automotive business alliance, including capital participation	March 1999

(7) Major Lenders

	Amount of outstanding loan (¥ billions)	Number of shares of the Company held by Lenders (thousands)	% of issued shares
1. Nissan International Finance Singapore Pte., Ltd.	76.1	—	—
2. Nissan International Finance (Netherlands) B.V.	70.9	—	—
3. Japan Bank for International Cooperation	52.0	—	—
4. Mizuho Corporate Bank	30.0	—	—
5. Development Bank of Japan	2.5	—	—
6. Nippon Life Insurance Company	1.0	93,000	2.1
7. Mitsui Mutual Life Insurance Company	1.0	1,420	0.0
8. Meiji Yasuda Life Insurance Company	1.0	10,000	0.2

Note: The figures for loan amounts and number of shares have been rounded down to the nearest unit.

(8) Directors and Statutory Auditors

Officer	Responsibilities
President and CEO	
Carlos Ghosn*	North American Operations (MC-NA and MC-US), Global Communications, CSR and IR, Global Internal Audit
Directors	
Itaru Koeda*	Administration for AFLs (MC-AFL), External and Government Affairs, Intellectual Asset Management, Industrial Machinery, Marine
Toshiyuki Siga*#	Japan Operations (MC-J), GOM Operations (MC-GOM), China Operations, Global Marketing and Sales, Global Aftersales and Conversion Business, Corporate Quality Assurance and Customer Service, Human Resources, Treasury
Tadao Takahashi	Manufacturing, SCM (Supply Chain Management), Global IS
Hiroto Saikawa#	European Operations (MC-E), Purchasing
Mitsuhiko Yamashita#	Research, Technology and Engineering Development, Cost Engineering
Carlos Tavares#	Design, Corporate Planning, Product Planning, Market Intelligence, LCV Business
Shemaya Levy	
Patrick Pelata	
Statutory Auditors	
Hisayoshi Kojima#	Full time
Shinji Ichishima	Full time
Keishi Imamura	Full time
Haruo Murakami	

Notes: 1. * indicates a representative director.
2. Shemaya Levy is outside director defined by the 7-2 in Paragraph 2 of Article 188 of the "the Commercial Code".
3. Shinji Ichishima, Keishi Imamura and Haruo Murakami are outside statutory auditors defined by Paragraph 1 of Article 18 of the "Act Providing an Exception to the Commercial Code for Auditing Stock Companies".
4. # indicates Directors and Statutory Auditor newly elected at the 106th Ordinary General Meeting of Shareholders, held on June 21, 2005.

5. During the fiscal year (FY2005) the following Directors and Statutory Auditors retired from the Company:

Position at Time of Leaving	Name	Responsibilities at Time of Leaving	Date of Leaving
Director	Nobuo Okubo		June 21, 2005 (expired)
Director	Norio Matsumura		June 21, 2005 (expired)
Statutory Auditor	Hiroshi Moriyama	Full time	June 21, 2005 (resigned)
Statutory Auditor	Hiroyasu Kan	Full time	June 21, 2005 (resigned)

6. On April 1, 2006, certain responsibilities of the Directors were changed. The roles and responsibilities of Directors after the change is as follows:

Officer	Responsibilities
President and CEO	
Carlos Ghosn*	American Operations (MC-America and MC-US), Global Communications, CSR and IR, Global Internal Audit
Directors	
Itaru Koeda*	MC-Dealer, Domestic Network Managenent, Administration for AFLs(MC-AFL), External and Government Affairs, Intellectual Asset Management, Industrial Machinery, Marine
Toshiyuki Siga*	Japan Operations(MC-J), GOM Operations(MC-GOM), China Operations, Global Marketing and Sales, Global Aftersales and Conversion Business, TCSX(Total Customer Satisfaction Function) Human Resources, Treasury
Tadao Takahashi	Manufacturing, SCM(Supply Chain Management), Global IS
Hiroto Saikawa	European Operations (MC-E), Purchasing
Mitsuhiko Yamashita	Research and Development
Carlos Tavares	Corporate Planning, Program, Market Intelligence, Product Planning, Design, Brand Management, LCV Business
Shemaya Levy	
Patrick Pelata	
Statutory Auditors	
Hisayoshi Kojima	Full time
Shinji Ichishima	Full time
Keishi Imamura	Full time
Haruo Murakami	

Notes: * indicates a representative director.

(9) The Amount of Compensation Paid to Directors and Statutory Auditors

Directors	11 members	2,527 million yen
Statutory Auditors	6 members	86 million yen

Notes: In addition to above, the Company paid 390 million yen as compensation by profit appropriation to directors (4 persons), 624 million yen as retirement allowances to Directors who had resigned (2 persons), and 88 million yen as retirement allowances to Statutory Auditors who had resigned (2 persons).
Also, the Company granted to 7 directors, based upon the resolution at the 104th Ordinary General Meeting of Shareholders on June 19, 2003, Share Appreciation Rights ("SAR") equivalent to 4,800,000 shares of common stock of the Company out of 6,000,000 shares equivalent approved by the above resolution. The number of exercisable SAR varies depending upon performance achievement level of the grantees and, for that reason, it is difficult to calculate its amount, and therefore such amount is not included in the above compensation amount.

(10) Status of Shin-Kabu-Yoyaku-Ken Granted to Persons other than Shareholders on Especially Advantageous Conditions (Stock Options)

1) Total number of Shin-Kabu-Yoyaku-Ken
131,500(100shares per 1 unit of Shin-Kabu-Yoyaku-Ken)

2) Type and number of shares to be issued upon exercise of Shin-Kabu-Yoyaku-Ken:
13,150,000 shares of common stock of the Company

3) Issue price of Shin-Kabu-Yoyaku-Ken Free

4) Amount to be paid upon exercise of Shin-Kabu-Yoyaku-Ken
111,900 Yen per Shin-Kabu-Yoyaku-Ken
1,119 Yen per share

5) Exercise period of Shin-Kabu-Yoyaku-Ken
On and after April 26, 2007 (Japan Time) and up to June 23, 2014 (Japan Time)

6) Conditions for exercise of Shin-Kabu-Yoyaku-Ken
- Shin-Kabu-Yoyaku-Ken Holder has been employed continuously by the Company, subsidiaries or affiliates of the Company or retained continuously a mandate relationship until the day when Shin-Kabu-Yoyaku-Ken is exercisable.
- Performance of the Company satisfies a certain level.
- Shin-Kabu-Yoyaku-Ken Holder has achieved business targets, etc., established respectively to each holder.

Additionally, details of the above-mentioned conditions and other conditions shall be as stipulated in Shin-Kabu-Yoyaku-Ken Allotment Agreement that is to be made and entered into by and between the Company and Shin-Kabu-Yoyaku-Ken Holder upon resolution of the Board of Directors Meeting of the Company.

7) Cancellation of Shin-Kabu-Yoyaku-Ken
The Company shall cancel at no charge Shin-Kabu-Yoyaku-Ken that have not been exercised due to failing to satisfy all or part of the conditions as set 6) above.

8) Details of advantageous condition
The Company issued Shin-Kabu-Yoyaku-Ken for free and granted to employees of the Company, directors of subsidiaries, employees of subsidiaries.

9) Name of persons and number of Shin-Kabu-Yoyaku-Ken granted
- Employees of the Company, directors of subsidiaries, employees of subsidiaries

Name	Number of Shin-Kabu-Yoyaku-Ken	Note
Takeshi Isayama	200	Employee of the Company (Officer)
Eiji Imai	200	Employee of the Company (Officer)
Hidetoshi Imazu	200	Employee of the Company (Officer)
Yo Usuba	200	Employee of the Company (Officer)
Steven Wilhite	200	Employee of the Company (Officer)
Junichi Endo	200	Employee of the Company (Officer)
Hitoshi Kawaguchi	200	Employee of the Company (Officer)
Minoru Shinohara	200	Employee of the Company (Officer)
Sadao Sekiyama	200	Employee of the Company (Officer)
Kazuhiko Toida	200	Employee of the Company (Officer)
Kimiyasu Nakamura	200	Employee of the Company (Officer)
Shirou Nakamura	200	Employee of the Company (Officer)
Bernard Rey	200	Employee of the Company (Officer)
Alain-Pierre Raynaud	200	Employee of the Company (Officer)

▪ Classification of the number of Shin-Kabu-Yoyaku-Ken granted to employees of the Company, directors and employees of subsidiaries.

	Number of Shin-Kabu-Yoyaku-Ken	Type of shares to be issued upon exercise of Shin-Kabu-Yoyaku-Ken	Number of persons
Employees of the Company	113,850	11,385,000 shares of common stock	620
Directors of subsidiaries	17,050	1,705,000 shares of common stock	88
Employees of subsidiaries	600	60,000 shares of common stock	4

Note: Directors and Auditors of the Company are not granted any Shin-Kabu-Yoyaku-Ken.

(11) The Fees Paid to Independent Auditors

1) The fees to be paid by the Company and subsidiaries to independent auditors 1,004 million yen
2) Of the amount shown in 1), the fees for audits of the financial statements and other assurance services to be paid by the Company and subsidiaries to independent auditors 987 million yen
3) Of the amount shown in 2), the fees for audits of the financial statements to be paid by the Company to independent auditors 510 million yen

Note: Because the audit engagement contract between the Company and the independent auditors does not separately specify the fees for i) audit required by "the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporation," ii) audit required by "The Securities and Exchange Law" and iii) audit of financial documents prepared for Renault reporting purposes, the total fees for those audits have been disclosed.

4. Significant Event Subsequent to the Balance Sheet Date

Issuance of Shin-kabu-Yoyaku-Ken (Stock Options)

On April 25, 2006, the Board of Directors of the Company has resolved to issue Shin-Kabu-Yoyaku-Ken on May 8, 2006, to employees of the Company, as well as directors of its subsidiaries as stock options for free in accordance with the Article 280-20 and 280-21of the Commercial Code and the resolution of the 106th Ordinary General Meeting of Shareholders dated June 21, 2005.

The outlines of Shin-kabu-Yoyaku-Ken are as follows:

<The Outlines of Shin-Kabu-Yoyaku-Ken>

1) Name of Shin-Kabu-Yoyaku-Ken
   Nissan Motor Co., Ltd. 4th Shin-Kabu-Yoyaku-Ken
2) Type and number of shares to be issued upon exercise of Shin-Kabu-Yoyaku-Ken:
   13,220,000 shares of common stock of the Company
3) Aggregate number of units of Shin-Kabu-Yoyaku-Ken to be issued:
   132,200 units
   If the total number of Shin-Kabu-Yoyaku-Ken applications does not reach 132,200, the aggregate number of Shin-Kabu-Yoyaku-Ken to be issued will be equivalent to the total number of applications received.
   One Shin-Kabu-Yoyaku-Ken is equivalent to 100 shares.
4) Issue price of each Shin-Kabu-Yoyaku-Ken and Issue Date:
   Each Shin-Kabu-Yoyaku-Ken is to be issued for free.
   The date of issuance of Shin-Kabu-Yoyaku-Ken shall be May 8, 2006.
5) Amount to be paid upon exercise of each Shin-Kabu-Yoyaku-Ken:
   152,600 Yen per Shin-Kabu-Yoyaku-Ken
   1,526 Yen per share
6) The number of persons and number of Shin-Kabu-Yoyaku-Ken to be granted shall be as follows:

Targeted person classification	Number of persons	Number of Shin-Kabu-Yoyaku-Ken granted
Employees of the Company	457	116,700
Directors of subsidiaries of the Company	74	15,500
Total	531	132,200

2. Non-Consolidated Balance Sheet

(As of March 31, 2006)

(in millions of yen, ( ) indicates loss or minus)

Accounts	Amount
[ASSETS]	
Current assets	**1,385,576**
Cash on hand and in banks	148,532
Trade notes receivable	577
Trade accounts receivable	286,667
Finished products	73,001
Raw materials	22,529
Work in process	26,316
Supplies	19,997
Advances paid	26,982
Prepaid expenses	19,783
Deferred tax assets	78,132
Short-term loans receivable	634,755
Other accounts receivable	75,514
Other	807
Allowance for doubtful accounts	(28,020)
Fixed assets	**2,457,922**
Property, plant & equipment	**775,073**
Buildings	177,335
Structures	35,772
Machinery & equipment	226,507
Vehicles	24,399
Tools, furniture and fixtures	130,967
Land	132,844
Construction in progress	47,246
Intangible assets	**49,827**
Software	48,727
Other	1,099
Investments & other assets	**1,633,021**
Investment securities	43,986
Investments in subsidiaries and affiliates	1,450,004
Long-term loans receivable	1,171
Long-term prepaid expenses	25,399
Deferred tax assets	106,590
Other	7,589
Allowance for doubtful accounts	(1,720)
Deferred assets	**1,543**
Discounts on bonds	1,543
Total assets	**3,845,041**

Accounts	Amount
[LIABILITIES]	
Current liabilities	**1,434,848**
Trade notes payable	225
Trade accounts payable	465,828
Short-term borrowings	147,096
Current maturities of long-term borrowings	36,776
Commercial paper	88,000
Current maturities of bonds	160,000
Other accounts payable	58,046
Accrued expenses	268,556
Income taxes payable	53,421
Deposits received	21,323
Employees' saving deposits	64,956
Warrant	3,143
Accrued warranty costs	31,717
Lease obligation	31,667
Other	4,089
Long-term liabilities	**583,162**
Bonds	430,800
Long-term borrowings	50,790
Accrued warranty costs	51,248
Accrued retirement benefits	22,391
Lease obligation	26,873
Long-term deposits received	1,059
Total liabilities	**2,018,011**
[SHAREHOLDERS' EQUITY]	
Common stock	**605,813**
Capital surplus	**804,470**
Additional paid-in capital	804,470
Retained earnings	**536,165**
Legal reserve	53,838
Voluntary reserve	79,335
Reserve for reduction of replacement cost of specified properties	77,175
Reserve for losses on overseas investments	1,471
Reserve for special depreciation	687
Unappropriated retained earnings	402,990
Unrealized holding gain on securities	**13,932**
Treasury stock	**(133,351)**
Total shareholders' equity	**1,827,030**
Total liabilities & shareholders' equity	**3,845,041**

3. Non-Consolidated Statement of Income

(For the year ended March 31, 2006)
(in millions of yen, ( ) indicates loss or minus)

Accounts	Amount
Net sales	**3,895,553**
Cost of sales	**3,189,629**
Gross profit	705,924
Selling, general and administrative expenses	**451,765**
Operating income	**254,159**
Non-operating income	**141,841**
Interest and dividend income	137,445
Other	4,396
Non-operating expenses	**58,845**
Interest expense	10,051
Amortization of net retirement benefit obligations at transition	8,258
Foreign exchange loss	26,459
Other	14,075
Ordinary income	**337,156**
Special gains	**34,552**
Gain on sale of fixed assets	3,916
Gain on sale of investment securities	22,277
Other	8,357
Special losses	**92,097**
Loss on devaluation of investments and receivables	32,565
Loss on disposal of fixed assets	11,143
Impairment loss	10,527
Other	37,860
Income before income taxes	**279,610**
Income taxes-current	80,130
Income taxes-deferred	(41,112)
Net income	**240,593**
Retained earnings brought forward from previous year	239,059
Loss on disposal of treasury stock	15,467
Interim cash dividends	61,193
Unappropriated retained earnings	**402,990**

Significant Accounting Policies

1. Valuation of marketable securities
   Marketable securities classified are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity.
   Cost of securities sold is calculated by the moving average method.
2. Valuation of inventories
   Inventories are carried at the lower of cost or market, cost being determined by the first-in, first-out method.
3. Derivative financial instruments
   Derivative financial instruments are stated at fair value.
4. Depreciation of property, plant and equipment
   Depreciation of property, plant and equipment is calculated by straight-line method based on the estimated useful lives and economic residual value determined by the Company.
5. Basis for Reserves and Allowances
   (1) Allowance for doubtful accounts
   The allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on the past bad debts experience for normal receivables plus uncollectible amounts determined by reference to the collectibility of individual accounts for doubtful receivables.
   (2) Accrued warranty costs
   Accrued warranty costs are provided to cover all service costs expected to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.
   (3) Accrued retirement benefits
   Accrued retirement benefits are provided for payment of retirement benefits at the amount calculated based on the retirement benefit obligation and the fair value of pension plan assets at the end of this fiscal year.
   The net retirement benefit obligation at transition is being amortized over a period of 15 years on a straight-line method.
   Prior service cost is being amortized as incurred by the straight-line method over the periods which are shorter than the average remaining years of service of the eligible employees.
   Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.
6. Lease transactions
   Non-cancelable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.
7. Significant hedge accounting method
   Hedge accounting
   Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.
   Hedging instruments and hedged items
   Hedging instruments—Derivative transactions
   Hedged items—Mainly forecasted sales denominated in foreign currencies.

Hedging policy

It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.

Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of forecasted sales are substantially same as those of hedging instruments.

Risk management policy with respect to hedge accounting

The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."

8. Consumption Tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

9. Change of accounting method

(Forward foreign exchange contracts)

Until the year ended March 31, 2005, the Company adopted the special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the non-consolidated financial statements at their corresponding contracted rates.

Effective April 1, 2005, the Company changed its method of accounting for those sales, accounts receivable and forward foreign exchange contracts to the benchmark method.

Under this method sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and related accounts receivable are translated at exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences into income, while the forward foreign exchange contracts are carried at fair value.

This change was made as a result of the implementation of newly modified internal operating system regarding forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivative positions.

The effect of this change was to increase net sales and operating income by 21,855 million yen and to increase non-operating expenses by the same amount for the FY05 (April 1, 2005 through March 31, 2006). Consequently, this change had no impact on ordinary income, income before income taxes for the FY2005 (April 1, 2005 through March 31, 2006) as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

(Accounting Standard for the Impairment of Fixed Assets)

Effective April 1, 2005, the Company adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guideline on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003).

The effect of this change was to decrease income before income taxes by 10,527 million yen.

The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised Regulations for Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements

1. Amounts less than one million have been omitted.
2. Monetary receivables from and payables to subsidiaries and affiliates:

Short-term monetary receivables:	Yen	938,040	million
Short-term monetary payables:	Yen	447,654	million
Long-term monetary payables:	Yen	8,122	million

3. Accumulated depreciation of property, plant and equipment amounted to Yen 1,295,993 million.

   (The above amount includes depreciation of leased assets: Yen 103,821 million.)
4. As endorser of documentary export bills discounted with banks: Yen 3,666 million
5. Guarantees and other items: ( ) refers to those relating to subsidiaries
   - Guarantees total yen 336,336 million (yen 148,633 million).
     The above included yen 25,500 million for which certain assets were pledged as collateral.
     Guarantees of yen 88,551 million related to the construction of the Canton Plant are also included in those related to subsidiaries.
   - Commitment to provide guarantees total yen 1,237 million
   - Letter of awareness and others total yen 841 million (yen 841 million)

   The Company entered into Keepwell Agreements with certain subsidiaries to support their credibility.

   Liabilities of such subsidiaries totaled yen 3,546,642 million.
6. Balance and exercise price of warrants issued with bonds (as of the balance sheet date)

	Balance of warrants	Exercise price
Euro Yen due 2007 bonds with warrants	Yen 12,176 million	764 yen
Euro Yen due 2008 bonds with warrants	Yen 39,339 million	880 yen

7. Certain investments in securities and derivative financial instruments are revalued and carried at fair value in the accompanying balance sheet. The increase in net assets resulting from such revaluation to be disclosed in accordance with Article 124-3 of the Enforcement Regulations of the Commercial Code amounted to Yen 14,867 million as of March 31,2006.
8. Net incom per share: Yen 54.88

   (Net income per share has been calculated based on the net income shown in the statement of income reduced by bonuses to directors and corporate auditors to be paid as appropriations of retained earnings.)
9. Sales to subsidiaries and affiliates: Yen 3,184,215 million

   Purchases from subsidiaries and affiliates: Yen 1,395,489 million

   Transactions with subsidiaries and affiliates other than operating transactions: Yen 143,864 million

4. Proposal for Appropriation statement of Retained earnings

	Yen
Unappropriated retained earnings	402,990,821,662
Reversal of reserve for reduction of replacement cost of specified properties	7,176,052,317
Reversal of reserve for losses on overseas investments	499,432,884
Reversal of reserve for special depreciation	139,090,895
Total	**410,805,397,758**
The proposed appropriations are as follows:	
Cash dividends <15 yen per share>	65,979,217,950
Director's Bonus	390,000,000
Provision for reserve for reduction of replacement cost of specified properties	1,769,597,952
Provision for reserve for special depreciation	286,370,640
Retained earnings carried forward to next year	**342,380,211,216**

Note: 1. We paid 61,193,440,770 yen (14 yen per share) for interim dividends on November 25, 2005.

2. The provisions for and reversals of the reserves for reduction of replacement cost of specified properties, losses on overseas investments, and special depreciation are made in accordance with the Special Taxation Measures Law.

5. Copy of Independent Auditors' Report

May 11, 2006

To the Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

/s/ Kazuo Suzuki (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yasunobu Furukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yoji Murohashi (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Takeshi Hori (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with paragraph 1 of Article 2 of "The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations," we have audited the balance sheet, the statement of income, the accounting matters stated in the business report, the proposal for appropriation of retained earnings and the accounting matters stated in the supplementary schedules of Nissan Motor Co., Ltd. applicable to the 107th fiscal year, from April 1, 2005 through March 31, 2006. The accounting matters which we have audited in the business report and the supplementary schedules were derived from the accounting books and records of the Company. These financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company's subsidiaries as considered necessary.

As a result of our audit, it is our opinion that:

1) the balance sheet and the statement of income present properly the Company's financial position and the results of its operations in accordance with the related regulations and the Articles of Incorporation.

As stated in "Significant Accounting Policies, 9," effective April 1, 2005, the Company changed its method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the bench mark method from the special treatment under which sales and accounts receivable were translated and reflected in the financial statements at their corresponding contracted rates. Under the bench mark method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, while the forward foreign exchange contracts are carried at fair value. This change, with which we concurred, was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions.

As stated in "Significant Accounting Policies, 9," effective April 1, 2005, the Company adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). This change, with which we concurred, was made because the new accounting standard and the implementation guideline have become effective the fiscal years beginning on or after April 1, 2005.

2) the accounting matters stated in the business report present properly the Company's affairs, in accordance with the related regulations and the Articles of Incorporation,

3) the proposal for appropriation of retained earnings is presented in accordance with the related regulations and the Articles of Incorporation, and

4) there is nothing to point out regarding the accounting matters stated in the supplementary schedules, in accordance with the provisions of the Commercial Code.

Subsequent event stated in the business report has a material effect on the Company's financial position and the results of its operations for the future periods.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

6. Copy of Statutory Auditors' Report

Regarding the performance of duties by directors for the 107th term beginning April 1, 2005, and ending March 31, 2006, the Statutory Audit Committee of Nissan Motor Co., Ltd. ("the Company"), hereby submits its audit report, which has been prepared through discussions based on reports from the respective statutory auditors concerning the methods and results of audits performed.

1. Overview of Auditing Methods Employed by Statutory Auditors
Based on the auditing policies and other guidelines specified by the Statutory Audit Committee, each statutory auditor has attended the meetings of the Board of Directors and other important meetings, received reports on the performance of duties from the directors and other relevant personnel, examined important authorized documents and associated information, studied the operations and financial positions at the head office and principal offices, and, when necessary, requested reports from the subsidiaries regarding their business. Moreover, the statutory auditors have received reports and explanations regarding the audits performed by independent auditors, and have examined the financial statements and supplementary schedules.
Regarding competitive trade by any of the directors, trade implying conflict of interest involving the Company and any of its directors, the Company's gratis allocation of benefits, actions of trade counter to general practices with any subsidiary or any shareholder, and the acquisition and disposition of the Company's treasury stock, we requested reports from the directors and other relevant personnel, when necessary, and studied, in detail, the conditions of such trade, if any, in addition to our auditing efforts using the aforementioned methods.

2. Audit Results
(1) In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon, are fair and reasonable.
(2) In our opinion, the business report fairly represents the Company's condition in accordance with the related laws and regulations, and the Articles of Incorporation.
(3) With regard to the proposed appropriation of retained earnings, we have found no matters to remark regarding the Company's financial status or other circumstances.
(4) In our opinion, the supplementary schedules fairly represent the items for which documentation should be expected. We have found no matters on which to remark in that regard.
(5) With regard to the performance of duties by the directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
We have moreover found no breach of duty by the directors with regard to competitive trade by any of the directors, trade implying conflict of interest involving the Company and any of its directors, the Company's gratis allocation of benefits, actions of trade counter to general practices with any subsidiary or any shareholder, and the acquisition and disposition of the Company's treasury stock.

May 16, 2006

Nissan Motor Co., Ltd.	Statutory Audit Committee
Statutory Auditor (full time)	Hisayoshi Kojima
Statutory Auditor (full time)	Shinji Ichishima
Statutory Auditor (full time)	Keishi Imamura
Statutory Auditor	Haruo Murakami

Note: Shinji Ichishima, Keishi Imamura, Haruo Murakami, are outside statutory auditors provided for in Paragraph 1 of Article 18 of the "Act Providing an Exception to the Commercial Code for Auditing Stock Companies."

7. Consolidated Balance Sheet

(As of March 31, 2006)
(in millions of yen, ( ) indicates loss or minus)

Accounts	Amount
[ASSETS]	
Current assets	**6,022,254**
Cash on hand and in banks	414,772
Notes & accounts receivable	488,600
Finance receivables	3,589,127
Marketable securities	11,589
Inventories	856,499
Deferred tax assets	314,859
Other	434,787
Allowance for doubtful accounts	(87,979)
Fixed assets	**5,458,664**
Property, plant and equipment	4,438,808
Intangible assets	186,949
Other fixed assets	832,907
Investment securities	403,386
Deferred tax assets	163,550
Other	268,792
Allowance for doubtful accounts	(2,821)
Deferred asset	**508**
Total assets	**11,481,426**
[LIABILITIES]	
Current liabilities	**4,851,709**
Notes & accounts payable	983,594
Short-term borrowings & current maturities of bonds	2,533,766
Accrued expenses	548,726
Deferred tax liabilities	8,063
Accrued warranty costs	81,112
Lease obligation	58,523
Other	637,925
Long-term liabilities	**3,255,841**
Bonds and debentures	708,207
Long-term borrowings	1,445,688
Deferred tax liabilities	502,091
Accrued warranty costs	132,107
Accrued retirement benefits	267,695
Lease obligation	71,708
Other	128,345
Total liabilities	**8,107,550**
Minority interests in consolidated subsidiaries	**285,893**
[SHAREHOLDERS' EQUITY]	
Common stock	**605,814**
Capital surplus	**804,470**
Retained earnings	**2,116,825**
Unrealized holding gain on securities	**14,340**
Translation adjustments	**(204,313)**
Treasury stock	**(249,153)**
Total shareholders' equity	**3,087,983**
Total liabilities, minority interests & shareholders' equity	**11,481,426**

Note. The amount of "Short-term borrowings & current maturities of bonds" includes current maturities of long-term borrowings and commercial paper.

8. Consolidated Statement of Income

(For the year ended March 31, 2006)

(in millions of yen, ( ) indicates loss or minus)

Accounts	Amount
Net sales	**9,428,292**
Cost of sales	**7,040,987**
Gross profit	**2,387,305**
Selling, general and administrative expenses	1,515,464
Operating income	**871,841**
Non-operating income	**74,799**
Interest and dividend income	21,080
Equity in earnings of unconsolidated subsidiaries & affiliates	37,049
Other	16,670
Non-operating expenses	**100,768**
Interest expense	25,646
Amortization of net retirement benefit obligations at transition	11,145
Foreign exchange loss	34,836
Other	29,141
Ordinary income	**845,872**
Special gains	**82,455**
Gain on sale of fixed assets	20,586
Gain on sale of investment securities	45,112
Other	16,757
Special losses	**119,286**
Loss on disposal of fixed assets	22,213
Impairment loss	26,827
Other	70,246
Income before income taxes and minority interests	**809,041**
Income taxes-current	**274,463**
Income taxes-deferred	**(20,055)**
Minority interests	**36,583**
Net income	**518,050**

Basis of Consolidated Financial Statements

1. Number of Consolidated Subsidiaries and Companies Accounted for by the Equity Method

(1) Consolidated subsidiaries; 187 companies (Domestic 96, Overseas 91)

Domestic Car Dealers, Parts Distributors
Aichi Nissan Motor Co., Ltd., Tokyo Nissan Motor Co., Ltd.
Nissan Prince Tokyo Sales Co., Ltd.
Nissan Chuo Parts Sales Co., Ltd. and 74 other companies

Domestic Vehicles and Parts Manufacturers
Nissan Shatai Co.,Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corp. and 4 other companies

Domestic Logistics & Services Companies
Nissan Trading Co., Ltd., Nissan Financial Service Co., Ltd., Autech Japan, Inc. and 7 other companies

Overseas subsidiaries
Nissan North America, Inc., Nissan Europe S.A.S.
Nissan Motor Manufacturing (UK) Ltd.
Nissan Mexicana, S.A. de C.V. and 87 other companies

Unconsolidated Subsidiaries; 184 companies (Domestic 124, Overseas 60)
These 184 companies are excluded from consolidation because the effect of not consolidating them was immaterial to the Company's consolidated financial statements.

(2) Companies Accounted for by the Equity Method

Unconsolidated subsidiaries;	29 companies (Domestic 23, Overseas 6)
Affiliates;	18 companies (Domestic 15, Overseas 3)
Domestic	Kinugawa Rubber Industrial Co., Ltd., and 37 other companies
Overseas	Renault S.A., Guangzhou NISSAN Trading Co., Ltd. and 7 other companies

The 155 unconsolidated subsidiaries and 45 affiliates other than the above companies were not accounted for by the equity method because the effect of not adopting the equity method to them was immaterial to the Company's consolidated net income and retained earnings.

(3) Change in the Scope of Consolidation and Equity Method of Accounting

The change in the scope of consolidation compared with the prior fiscal year was summarized as follows:

Newly included in the scope of consolidation;
10 subsidiaries (Nissan Asia Pacific Pte., Ltd., Nissan Motor Ukraine Ltd., and 8 other companies)

Excluded from the scope of consolidation;
23 subsidiaries (Oita Nissan Motor Co., Ltd., Nissan Prince Kanagawa Hanbai Co., Ltd., Nissan International Finance (Europe) Plc., Nissan Motor Corp. in Hawaii, Ltd., and 19 other companies)

Number of companies newly accounted for by the equity method;
1 company (Nissan Buhin Chiba Hanbai Co., Ltd.)

Number of companies ceased to be accounted for by the equity method of accounting;
8 (Nissan Diesel Motor Co., Ltd., Nissan Satio Yamanashi Co., Ltd., Nissan Design Europe GmbH, and 5 other companies)

The increase in the number of consolidated subsidiaries and companies accounted for by the equity method were primarily attributable to those newly established or became material to the consolidated financial statements, and the decrease were mainly due to sales, liquidations or merger.

2. Fiscal Period of Consolidated Subsidiaries

(1) The end of FY2005 for the following consolidated subsidiaries is different from that of the Company (March 31)

December 31: Nissan Europe S.A.S. Nissan Mexicana,S.A.de C.V., Nissan Motor Company South Africa (Proprietary) Limited, and 58 other subsidiaries

(2) With respect to the above 61 companies, the necessary adjustments were made in consolidation to reflect any significant transactions from January 1 to March 31.

3. Significant Accounting Policies
(1) Valuation methods for assets
1) Securities
Held-to-maturity debt securities········Held-to maturity debt securities are stated at amortized cost.
Other securities
Marketable securities························Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity.
Cost of securities sold is calculated by the moving average method.
Non-marketable securities ·············Non-marketable securities classified as other securities are carried at cost determined by the moving average method.
2) Derivative financial instruments
Derivative financial instruments are stated at fair value.
3) Inventories
Inventories are carried mainly at the lower of cost or market, cost being determined by the first-in, first-out method.
(2) Depreciation of property, plant and equipment
Depreciation of property, plant and equipment is calculated principally by straight-line method based on the estimated useful lives and economic residual value determined by the Company.
(3) Basis for reserves and allowances
- Allowance for doubtful accounts
Allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on past bad debts experience for normal receivables plus uncollectible amounts determined by reference to the collectibility of individual accounts for doubtful receivables.
- Accrued warranty costs
Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.
- Accrued retirement benefits
Accrued retirement benefits are provided principally at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.
The net retirement benefit obligation at transition is primarily being amortized over a period of 15 years by the straight-line method.
Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.
Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.
(4) Lease transactions
Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.
(5) Significant hedge accounting method
Hedge accounting
Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.
Hedging instruments and hedged items
Hedging instruments ················Derivative transactions
Hedged items ····························Mainly forecasted sales denominated in foreign currencies.
Hedging policy
It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.
Assessment of hedge effectiveness
The assessment of hedge effectiveness is omitted when the terms of forecasted sales are substantially same as those of hedging instruments.
Risk management policy with respect to hedge accounting
The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."
(6) Consumption Tax
Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.
(7) Accounting policies adopted by foreign consolidated subsidiaries
The financial statements of the Company's subsidiaries in Mexico and certain other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in Mexico and certain other countries are charged or credited to operations and directly reflected in retained earnings in the accompanying consolidated financial statements.

4. Valuation of assets and liabilities of consolidated subsidiaries
Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.

5. Amortization of differences between cost and underlying net equity at fair value
Differences between cost and underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been amortized over periods not exceeding 20 years determined based on their materiality. However, immaterial differences are charged or credited to income in the year of acquisition.

6. Accounting changes
(Forward foreign exchange contracts)
Until the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries adopted the special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates. Effective April 1, 2005, the Company and its domestic subsidiaries changed their method of accounting for those sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and related accounts receivable are translated at exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences into income, while the forward foreign exchange contracts are carried at fair value. This change was made as a result of the implementation of newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivative positions.
The effect of this change was immaterial.
(Accounting Standard for the Impairment of Fixed Assets)
Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guideline on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003).
The effect of this change was to decrease income before income taxes and minority interests by 26,827 million yen for the twelve month period ended March 31, 2006.
The cumulative impairment losses have been subtracted directly from the respective assets.

7. Subsequent Event
On April 25, 2006, the Board of Directors of the Company has resolved to issue Shin-Kabu-Yoyaku-Ken on May 8, 2006, to employees of the Company as well as directors of its subsidiaries as stock options for free in accordance with the Article 280-20 and 280-21 of the Commercial Code and the resolution of the 106th Annual General Meeting of Shareholders dated June 21, 2005.
The outlines of Shin-kabu-Yoyaku-Ken are as follows:
1) Name of Shin-Kabu-Yoyaku-Ken:
Nissan Motor Co., Ltd. 4th Shin-Kabu-Yoyaku-Ken
2) Type and number of shares to be issued upon exercise of Shin-Kabu-Yoyaku-Ken:
13,220,000 shares of common stock of the Company
Number of shares to be issued upon exercise of one Shin-Kabu-Yoyaku-Ken (the "Granted Shares Number") shall be 100 shares.
3) Aggregate number of units of Shin-Kabu-Yoyaku-Ken to be issued:
132,200 units
When the total number of applications for Shin-Kabu-Yoyaku-Ken fails to reach 132,200, the total number of Shin-Kabu-Yoyaku-Ken applied shall be deemed to be the total number of Shin-Kabu-Yoyaku-Ken to be issued.
4) Issue price of each Shin-Kabu-Yoyaku-Ken and Issue Date:
Each Shin-Kabu-Yoyaku-Ken is to be issued for free. The date of issuance of Shin-kabu-Yoyaku-Ken shall be May 8, 2006.

5) Amount to be paid upon exercise of each Shin-Kabu-Yoyaku-Ken:
152,600 Yen per Shin-Kabu-Yoyaku-Ken
1,526 Yen per share

6) The number of persons and number of Shin-Kabu-Yoyaku-Ken granted subject to this placement shall be as follows:

Targeted person classification	Number of persons	Number of Shin-Kabu-Yoyaku-Ken granted
Employees of the Company	457	116,700
Directors of subsidiaries of the Company	74	15,500
Total	531	132,200

Notes to Consolidated Financial Statements

1. As for the amount, less than 1,000,000 yen is rounding off.

2. Accumulated depreciation of property, plant and equipment amounted to 4,077,548 million yen.
(The above amount includes depreciation of leased assets: Yen 187,405 million.)

3. Assets pledged as collateral:

	(Millions of yen)
Notes & accounts receivable	1,619
Finance receivables	1,537,873
Property, plant and equipment	930,487
Intangible assets	1,344
Other fixed assets	316
Total	2,471,639

In addition to the above, finance receivables totaling 106,201 million yen, which were not reflected in the accompanying consolidated balance sheet.

4. Contingent Liabilities
At March 31, 2006, the Company and its consolidated subsidiaries had the following contingent liabilities:

	(Millions of yen)
(1) As guarantor of employees' housing loans from banks and others	221,778
	(177,422 for employees, 44,356 for others)
(2) Commitments to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates at the request of lending banks	2,515
(3) The outstanding balance of installment receivables sold with recourse	12,252

5. Net income per share: 126.94 yen

9. Copy of Consolidated Independent Auditors' Report

May 11, 2006

To the Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

/s/ Kazuo Suzuki (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yasunobu Furukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yoji Murohashi (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Takeshi Hori (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with paragraph 3 of Article 19-2 of "The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations," we have audited the consolidated balance sheet and the consolidated statement of income of Nissan Motor Co., Ltd. applicable to the 107th fiscal year, from April 1, 2005 through March 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company's subsidiaries or consolidated subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the above-mentioned consolidated financial statements present properly the financial position and results of operations of the Nissan Group, which consists of Nissan Motor Co., Ltd. and its consolidated subsidiaries, in accordance with the related regulations and the Articles of Incorporation.

As stated in "Significant Accounting Policies, 6," effective April 1, 2005, the Company and certain domestic consolidated subsidiaries changed their method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the bench mark method from the special treatment under which sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates. Under the bench mark method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, while the forward foreign exchange contracts are carried at fair value. This change, with which we concurred, was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions.

As stated in "Significant Accounting Policies, 9," effective April 1, 2005, the Company and its domestic subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). This change, with which we concurred, was made because the new accounting standard and the implementation guideline have become effective the fiscal years beginning on or after April 1, 2005.

Subsequent event described in the notes to the consolidated financial statements has a material effect on the financial position and the results of operations of the Nissan Group, which consists of Nissan Motor Co., Ltd. and its consolidated subsidiaries, for the future periods.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

10. Copy of Consolidated Statutory Auditors' Report

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Regarding the consolidated financial statements (consolidated balance sheets and consolidated statements of income) for the 107th term beginning April 1, 2005, and ending March 31, 2006, of Nissan Motor Co., Ltd., the Statutory Audit Committee hereby submits this audit report, which has been prepared through discussions based on reports from the respective statutory auditors concerning the methods and results of audits performed.

1. Overview of Auditing Methods Employed by Statutory Auditors
Based on the auditing policies and other guidelines specified by the Statutory Audit Committee, each statutory auditor has received reports and explanations regarding the consolidated financial statements from directors, other relevant personnel and independent auditors.

2. Audit Results
In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon, are fair and reasonable.

May 16, 2006

Nissan Motor Co., Ltd.	Statutory Audit Committee
Statutory Auditor (full time)	Hisayoshi Kojima
Statutory Auditor (full time)	Shinji Ichishima
Statutory Auditor (full time)	Keishi Imamura
Statutory Auditor	Haruo Murakami

Note: Shinji Ichishima, Keishi Imamura, Haruo Murakami, are outside statutory auditors provided for in Paragraph 1 of Article 18 of the "Act Providing an Exception to the Commercial Code for Auditing Stock Companies."

—That's all.—

Shareholder Memo

Fiscal Year-End	March 31
Record Date	March 31 (for interim dividends: September 30)
General Shareholders' Meeting	June
Proxy Record Date	March 31
Transfer Agent and Register	The Chuo Mitsui Trust & Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku Tokyo 105-8574 Japan
Business Office of Transfer Agent	The Chuo Mitsui Trust & Banking Co., Ltd. Stock Transfer Agency Department 8-4, Izumi 2-chome, Suginami-ku Tokyo 168-0063 Japan Tel: 0120-78-2031
Other Offices of Transfer Agent	▪ Any domestic branch of The Chuo Mitsui Trust & Banking Co., Ltd. ▪ The head office and branches of Japan Securities Agent Co., Ltd.
Stock Transaction Commissions	There is no charge for the transfer of shares. There is a ¥210 per-certificate charge (include consumption tax) for the issue of new shares.
Public Notices	The *Nihon Keizai Shimbun*, published in Tokyo

Company Name:	NISSAN MOTOR CO., LTD.
Registered Head Office:	2 Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa 220-8623 Japan
Corporate Headquarters:	17-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8023 Japan Tel: (03)3543-5523

Corporate Information Website

http://www.nissan-global.com/EN/HOME/

Investor Relations
http://www.nissan-global.com/EN/IR/